

## **HUD Releases New Appraisal Handbook**

As a continuation of the reforms to the appraisal process associated with the FHA single-family mortgage insurance program, HUD has released the revised Appraisal Handbook and Forms. These reforms will both improve the quality of appraisals and enhance disclosure to FHA homebuyers.

The purpose of these reforms is to ensure that homebuyers seeking FHA insured mortgages receive accurate and complete appraisals of the homes they seek to purchase. When homebuyers do not receive adequate appraisals, they may be unaware that large repairs will be required to make their homes habitable. As a result, they will be financially burdened and may actually default on their FHA-insured mortgages. To launch the reform effort, HUD released the following materials:

**A REVISED HANDBOOK FOR APPRAISERS:** HUD is providing clear instructions to appraisers to ensure standardization and consistency in the development and reporting of appraisal findings.

- A rewrite of Handbook 4150 - Valuation Analysis for Home Mortgage Insurance for Single Family One- to Four-Unit Dwellings incorporates relevant material from other handbooks and mortgagee letters into a single, comprehensive and user-friendly reference for appraisers.
- Within this handbook, HUD provides guidance for appraisers on how to appraise existing, proposed and new construction of one- to four-family homes for which mortgages are to be insured by FHA and introduces appraisers to the environment of greater accountability associated with recent HUD reforms. The new handbook updates obsolete procedures and methodologies and incorporates over 50 mortgagee letters relating to the Single Family Appraisal.

**NATIONAL APPRAISER EXAMINATION:** To be eligible to perform appraisals for FHA, appraisers must pass a HUD/FHA test on appraisal methods and reporting, which focuses on applied knowledge of the new Handbook 4150.2.

- The uniform national examination will be available June 1, 1999. The examination contains fifty questions in a multiple-choice format.
- The test will be administered by Sylvan Prometrics and will cost \$49.00, paid by the appraiser. Appraisers currently on the FHA Register will be grandfathered until January 31, 2000.